

*Town of Shrewsbury – Requests for Expressions of Interest
Avalon at Shrewsbury Hills
June 13, 2007*

F. Proposed Approach

- *Describe the likely impacts on municipal and school facilities and municipal infrastructure.*

Attached is AvalonBay's assessment of likely impacts on municipal and school facilities and municipal infrastructure.

Likely Impacts on Municipal and School Facilities and Municipal Infrastructure

The following is a summary of the Municipal Infrastructure requirements of the proposed Avalon at Shrewsbury Hills as well as a summary of potential Municipal Impacts:

Water:

The development is proposed to be served with Town of Shrewsbury municipal water. The easterly side of the site at Green Street is within 100 ft of the approved water main being extended from South Street to Green Street for the Farmview subdivision. The extension is due for completion in within 12 months. The main entrance at CenTech Boulevard is located approximately 1,000 ft from municipal water service at the new fire station. Avalon Bay will connect to either water system at the direction of the Water and Sewer Board. Consideration will also be given to looping the two systems if it is beneficial to the Town of Shrewsbury.

Sewer:

The development is proposed to be served by a private on-site sewage treatment plant. This facility will be designed to service all of the apartments within the community as proposed (between 444 and 502 apartment homes). AvalonBay has direct experience in the design, construction and operation of on-site sewage treatment plants and is currently developing a similar private treatment facility in Massachusetts to serve a 400+ unit development.

The firm of Tighe and Bond, Inc of Worcester, MA is designing the other two plants and will likely be retained for this project; preliminary percolation and deep hole tests have been preformed on the site and have indicated the soil will support the design, construction, and operation of the on-site treatment facility. The site and the recharge of the treated effluent is in the Assabet river basin. An alternative recharge location within the Blackstone river basin may be available to the site as well (further study regarding the full feasibility of this option remains outstanding).

Traffic:

Access to and from Avalon at Shrewsbury Hills will be provided through the newly-constructed CenTech Boulevard. A secondary, emergency only roadway will extend to Green Street.

A preliminary traffic assessment has been completed by Tetra Tech Rizzo. In summary, they concluded that "Anticipated site traffic added to the existing volumes Route 20 at the Cherry Street and CenTech Boulevard intersection, the primary gateway to the site, will have nominal impacts on traffic operations due to the recent implementation of a traffic signal at this location."

All traffic exiting the community will either go north to the new Southwest Cutoff lights and Route 20, or south to the MBTA Station and Route 30.

The unique location of this site allows the traffic generated by the proposed community to be dispersed immediately in 4 directions on major commuter roads without any impact on the town center or any other congested roadways in Shrewsbury, particularly Route 9. In addition, the location of Avalon at Shrewsbury Hills, in an employment center and just .6 of a mile from the Grafton MBTA Station, will promote both pedestrian and public transportation.

Life Safety/Fire:

Avalon at Shrewsbury Hills will be constructed in accordance with all Massachusetts Building and Fire Code. Each building will be equipped with a state-of-the-art fire suppression system. The newly-constructed fire station is located roughly 1,000 feet from the entrance of the community.

In addition, our professional on-site management and maintenance teams work diligently to maintain a safe and comfortable community for our residents. We provide residents with 24-hour emergency maintenance.

Trash/Recycling:

All trash removal and recycling at Avalon at Shrewsbury Hills will be managed by a third party, contracted and paid for by AvalonBay Communities.

Community Infrastructure:

All roadways within Avalon at Shrewsbury Hills will remain private and will be maintained by AvalonBay Communities.

School Facilities

We have identified three major qualitative factors which dramatically influence the ratio of school-aged children per apartment home in any particular community. In order of importance, they are:

1. Floor Plan Configuration/ Bedroom Count: The number of children is greater in apartments with more bedrooms. Our proposed development will contain approximately 178 one-bedroom (40%), 244 two-bedroom (55%) and 22 three-bedroom (5%) apartment homes.
2. Affordability: Generally our market rate residents have the means to buy a home and are renting with us by choice. Anecdotally, if and when those residents have children, they typically move into more traditional single-family housing. In our most recent mixed income community, Avalon at

Flanders Hill in Westborough, MA, the affordable apartments have generated a significantly higher ratio of school-aged children per apartment home than the market rate apartments have, which have a nearly identical distribution of bedroom configurations.

Our proposed development will have 111 affordable apartment homes, representing 25% of the total.

3. Reputation of Municipality's Public School System: We have found that holding other items constant such as affordability and apartment size, we tend to have more school aged children living in our communities located in municipalities with stronger school systems. This finding seems to make intuitive sense. While we believe this factor to be much less significant than apartment size and affordability, the reputation of the Shrewsbury public schools will certainly need to be recognized.

Typically, we would use data from our entire Boston area portfolio as the basis of any school age children analysis. However, we believe that the existing Avalon Shrewsbury provides us with the most effective data and sound basis for a school age children projection for Avalon at Shrewsbury Hills. The following chart summarizes data collected from Avalon Shrewsbury (251 apartment homes), broken down by apartment mix. The calculated ratios are then applied to our proposed mix at Avalon at Shrewsbury Hills.

Avalon Shrewsbury - Existing mix and number of school-aged children new to the Shrewsbury School System:

Apartment Style	Number of Apts.	%	# of New School Aged Children	Ratio
1 BR	92	36.65%	2	0.02
2 BR	135	54.79%	27	0.20
3 BR	24	9.56%	12	0.50
TOTAL	251	100%	41	0.16

Proposed mix and projected school-aged children at Avalon at Shrewsbury Hills:

Apartment Style	Number of Apts.	%	Avalon Shrewsbury Ratio	Projected # of School Aged Children at Shrewsbury Hills
1 BR	178	40%	0.02	3.92
2 BR	244	55%	0.20	48.80
3 BR	22	5%	0.50	11.00
TOTAL	444	100%	0.14	63.72

Thus, according to the analysis above, we would project that approximately 64 new school-aged children living at Avalon at Shrewsbury Hills would attend the Shrewsbury School System upon full occupancy. It should be noted that, on average, we have found that the distribution of school-aged children between Elementary and Middle/High Schools is relatively even.

G. Financial Capacity and Credit Worthiness

- *Provide reasonable evidence of the developer's capacity to obtain financing. At a minimum, the proposal must include two (2) references from lenders with prior experience financing developments carried out by the proponent, and a list of developments completed between 2000 and 2006, with contact information with participating lenders.*

AvalonBay Communities, Inc. is a publicly traded Real Estate Investment Trust with a current market capitalization of approximately \$14 billion dollars. AvalonBay's current practice is to fund ongoing development capital requirements through internally generated cash flows, net proceeds from the sale of selected communities, existing capacity of an unsecured credit facility, and the periodic issuance of debt or equity securities. The company's common stock trades on the New York Stock Exchange under the ticker symbol "AVB."

Included documentation supporting AvalonBay Communities, Inc. financial capacity and credit worthiness:

**AvalonBay Communities, Inc. Bank & Investment Account References
AvalonBay Communities, Inc. 2006 Annual Report**

**AVALONBAY COMMUNITIES, INC.
BANK & INVESTMENT ACCOUNT REFERENCES**

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COMMUNITIES, INC.

Massachusetts



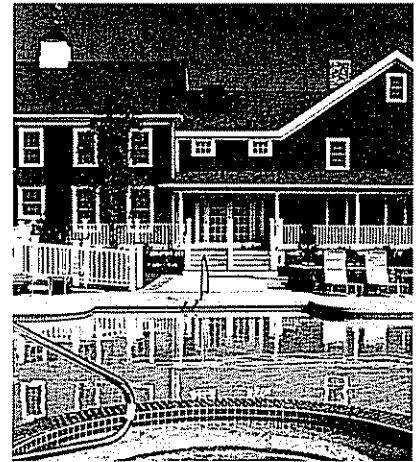
Massachusetts

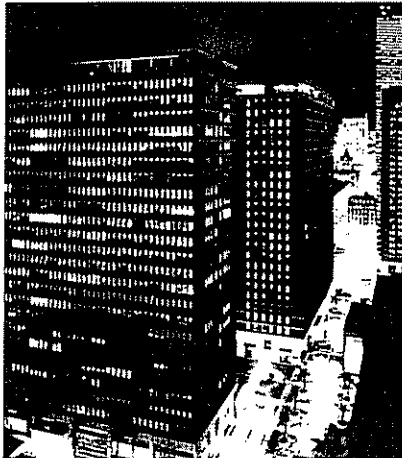
Avalon at The Pinehills, completed in 2004, is located in Plymouth, Massachusetts. It is part of a master planned development, The Pinehills, which targets "active empty nesters." The Pinehills is set on 3,000 acres and includes nearly 3,000 for-sale homes, 1.3 million square feet of commercial space, and a total of four golf courses. Avalon at The Pinehills consists of 101 apartment homes positioned on the 11th fairway of The Rees Jones golf course. This community offers a unique direct entry building style that incorporates larger apartment homes, master bedrooms on the first living level, interior garages for each residence and fairway views. A second phase of this community is planned for the future.



Avalon at Bedford Center, completed in 2006, is located in the desirable town of Bedford, Massachusetts. This community of 139 apartment homes is located within walking distance of Bedford Town Center and three miles from Rt. 128/I-95. The mid-128 submarket is the most sought after due to its access to major employment and retail centers. This community seamlessly blends three distinct housing choices; garden-style, direct entry and townhomes, offering our residents a myriad of floor plans and apartment home features. This variety of building styles, as well as its overall design, allows Avalon at Bedford Center to fluently merge with the surrounding residential neighborhood. With 25% of these apartments designated as affordable housing, Avalon at Bedford Center is increasing housing options in an otherwise limited market.

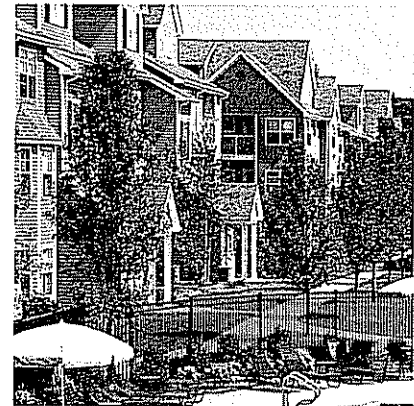
Avalon Orchards in Marlboro was completed in 2002. This community's location within the Greater Boston MetroWest/495 submarket offers residents convenient access to major employment and retail centers as well as to public transportation to downtown Boston. Avalon Orchards is comprised of 156 direct access apartment homes, providing residents with both convenience and privacy. As part of the development of this community, an 18th century historic building located at the front of the site was rebuilt and is currently home to the Leasing and Management Office. The authentic 18th century colonial detailing and wood clapboard exteriors of this structure add a unique and rich flavor to this community.





Avalon at Prudential Center was acquired by AvalonBay in 1998 and completed its renovation in 2005. The 781 apartment homes are dispersed throughout three high-rise buildings located in the heart of Boston's Back Bay. Avalon at Prudential Center is part of a 23-acre master planned, mixed-use development consisting of over four million square feet of residential, office and retail space. Avalon at Prudential Center offers residents a landmark address, unsurpassed views and easy access to anywhere in Boston. The newest addition to the Prudential Center is the five-star Mandarin Oriental Boston Hotel and Residences due for completion in 2007.

Avalon at Newton Highlands, completed in 2003, is comprised of 294 apartment homes in the affluent Boston suburb of Newton, Massachusetts. Located just eight miles from downtown Boston and one mile from Rt. 128/I-95, this community offers residents easy access throughout the region. Avalon at Newton Highlands consists of two, four-story mid-rise buildings constructed over a single, basement-level enclosed garage. The building layouts create five courtyard areas providing residents with unique amenities such as a putting green and residents' reading garden. With 25% of the community designated as affordable housing, this community creates housing options in one of the Commonwealth's most sought after communities. Avalon at Newton Highlands was awarded the 2004 NAHB "Pillars of the Industry" award for Best Luxury Rental Apartment Community.



Avalon at Crane Brook, completed in 2005, is a 387-apartment home community located conveniently near Interstate 95 on Boston's "North Shore." Consisting of nearly 26 acres, this community straddles two municipalities, the Town of Danvers and the City of Peabody. Avalon at Crane Brook offers a mixture of apartment styles including traditional stacked flats, a mid-rise elevator access building and direct entry buildings. The diversity of building styles creates two distinct neighborhoods, and countless options for our residents. 20% of the homes are set aside as affordable, and are dispersed throughout the community.

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